DANONE

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SOCIETE GENERALE
Corporate & Investment Banking

Disclaimer

This document contains certain forward-looking statements concerning DANONE. Although DANONE believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the section "Risk Factors" in DANONE's Annual Report (which is available on www.danone.com). DANONE undertakes no obligation to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy, Danone shares.

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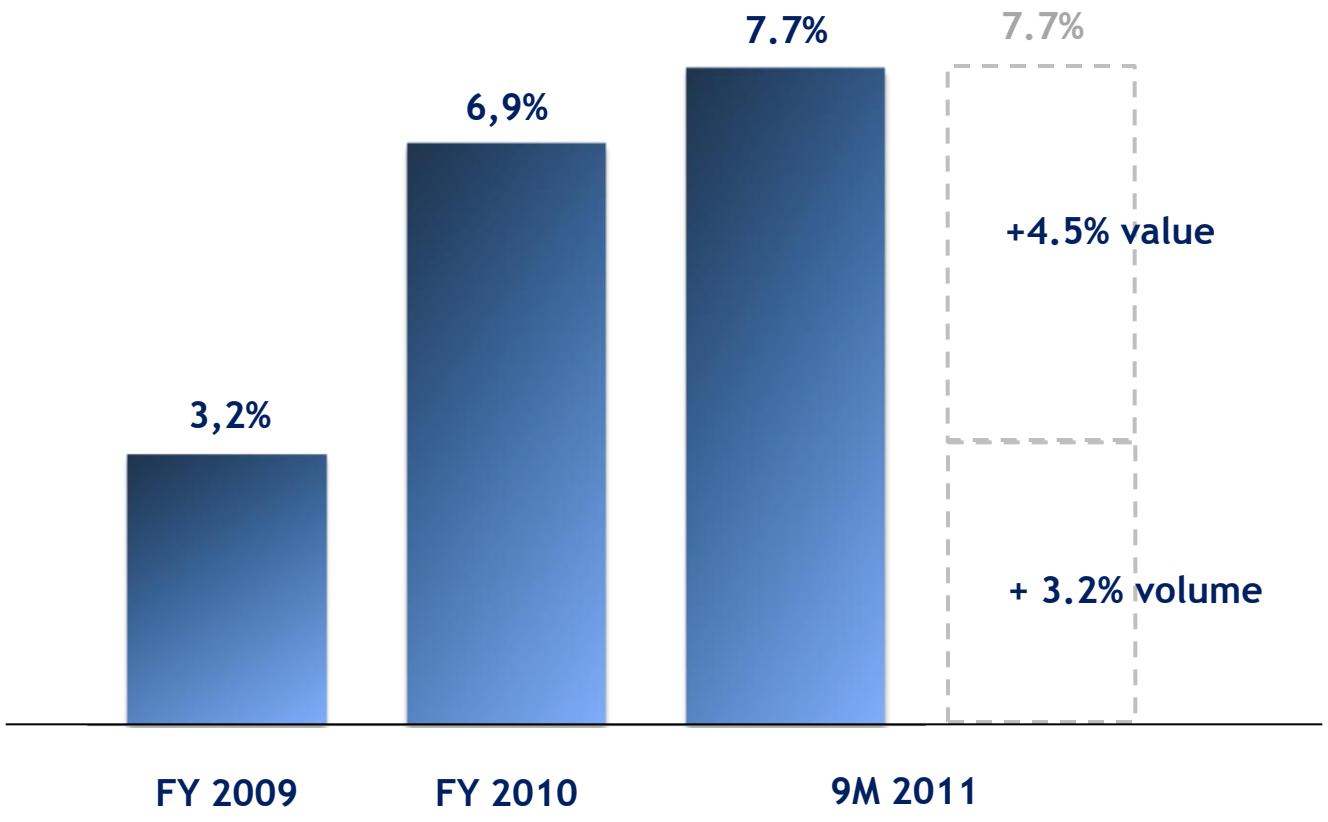
Danone Model in Motion

Strong year-to-date performance

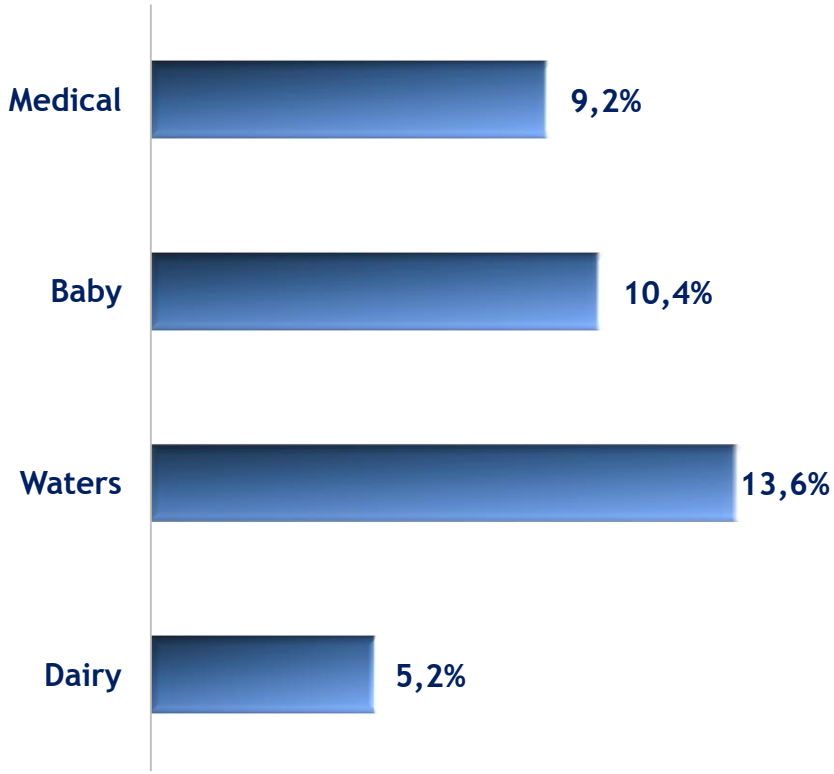
Sales up +7.7% like-for-like in the first 9 months

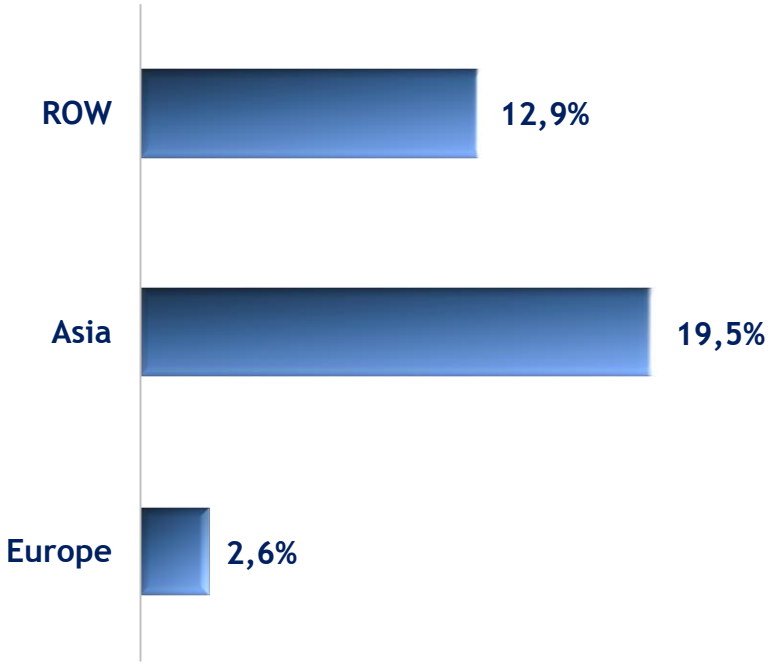
Like-for-like sales growth



9M 2011 - Broad based growth

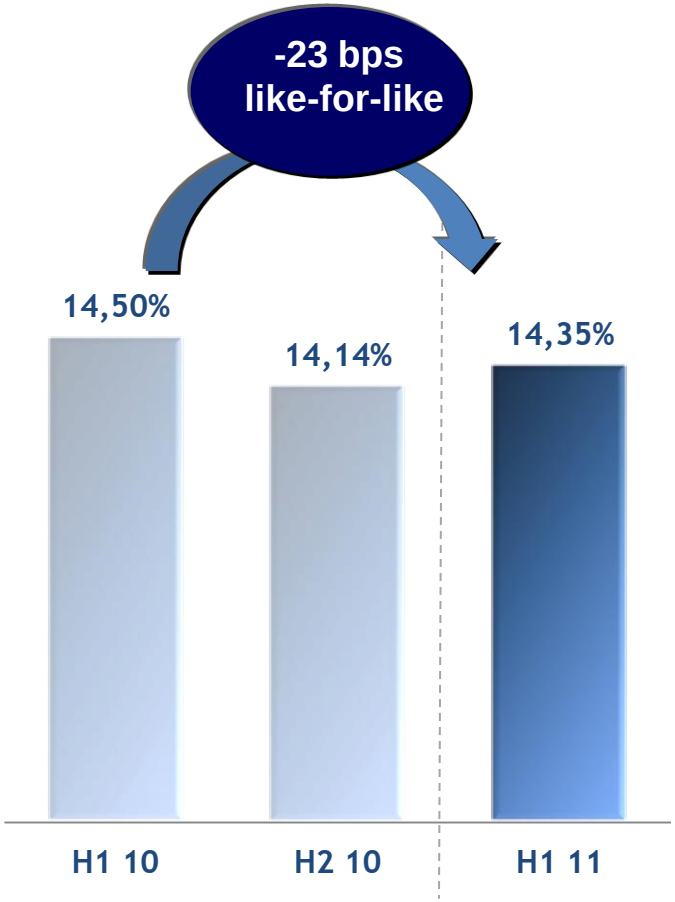
Like-for-like sales growth by division and by region



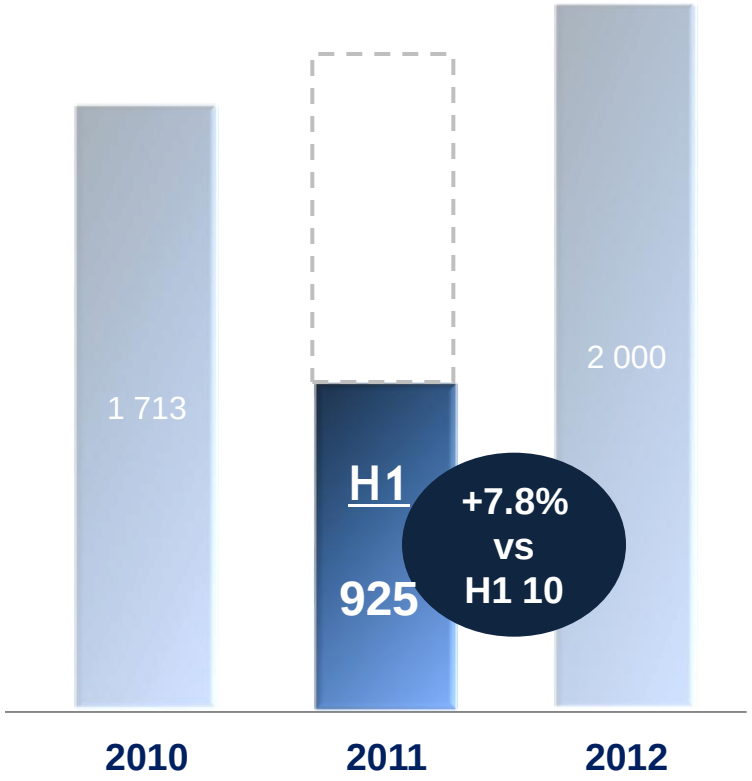


Margin and FCF on track to full year targets

Trading operating margin



Free-Cash-Flow (1)



(1) Free cash flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees

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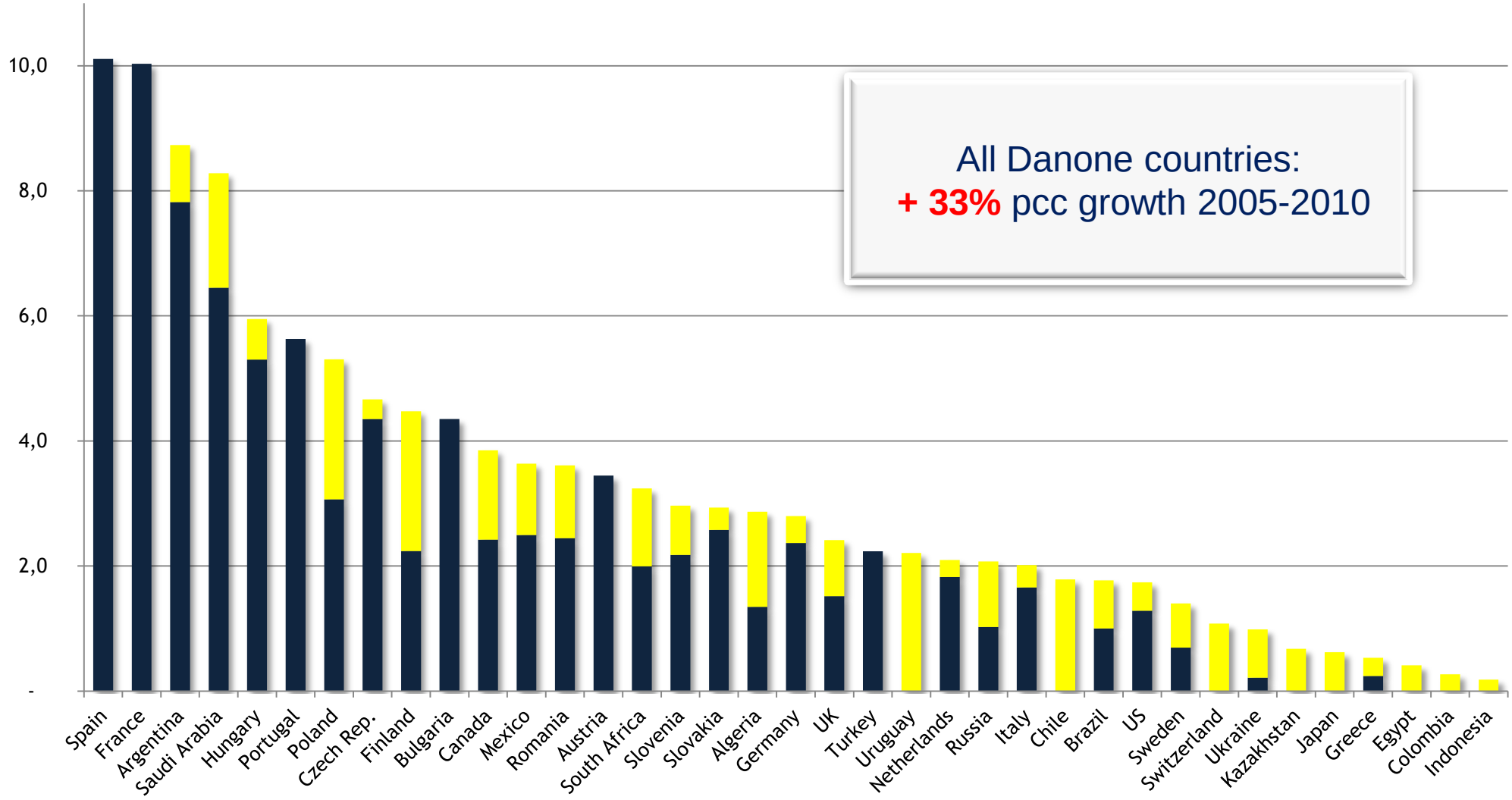
Danone Model in Motion

Solid growth platforms

FRESH DAIRY PRODUCTS - Growing our categories and brands

Danone Per Capita Consumption (kg/yr) & 2005-2010 increases



All Danone countries:
+ 33% pcc growth 2005-2010

FRESH DAIRY - Continuous outstanding growth in Latam

44 % Market share
(volume - YTD)
+1.5 pts vs LY

70 % Market share
(volume - YTD)
+0.7 pts vs LY

28 % Market share
(volume - YTD)
+1.6 pts vs LY

22 % Market share
(volume - YTD)
+1.2 pts vs LY

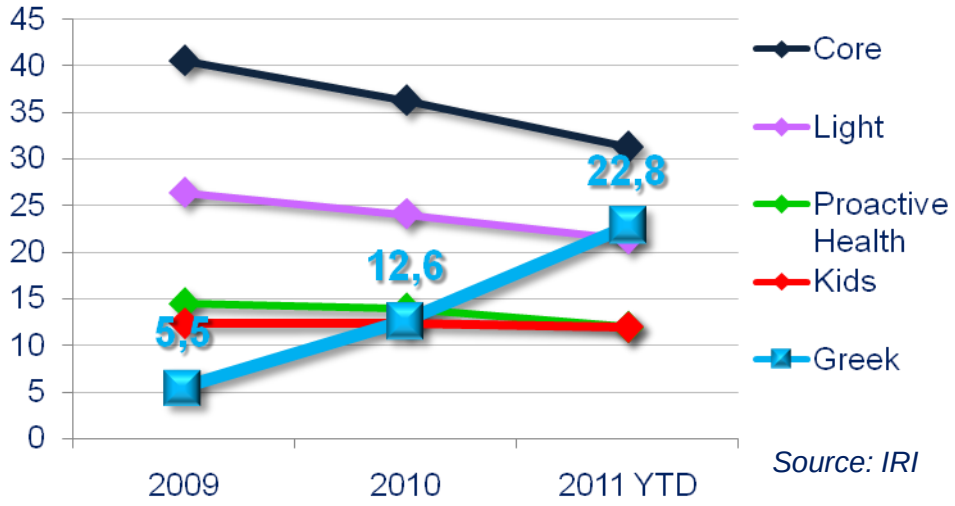
Source : Nielsen

FRESH DAIRY US : adjusting the model

*Sales - Danone Fresh Dairy Products**

**Includes Danone US [Ex-Frusion & LaCreme] & Stonyfield*

Market Share by Segment



Source: IRI

Danone Oikos preffered to competitor

Unimilk – Integration proceeding as planned

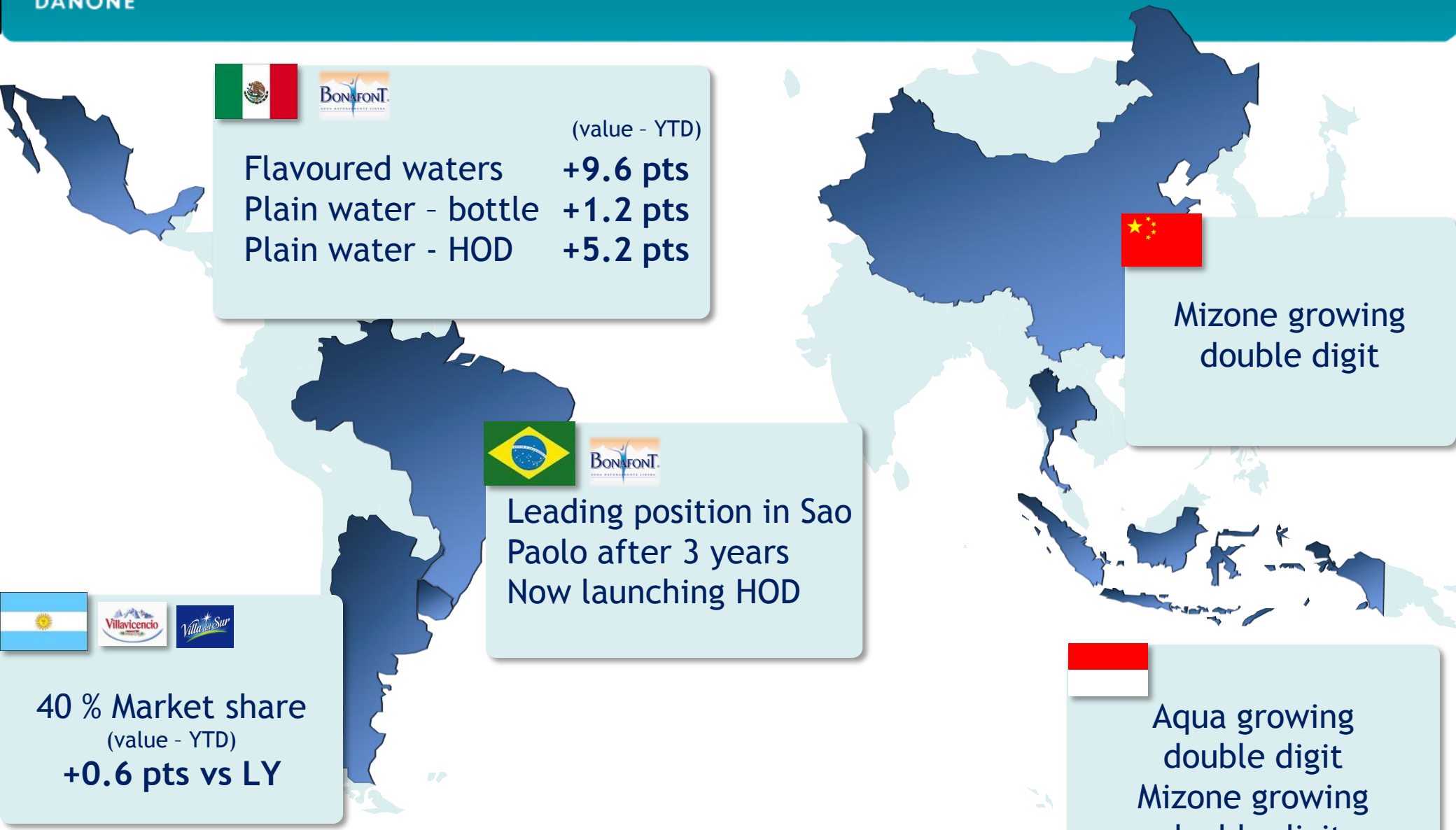
2011 priorities

- ✓ Segment the portfolio
- ✓ Drive efficiency to invest behind brands
- ✓ Integration

Integration milestones

- Integration plans on-track : One merged Danone-Unimilk company on 1 January 2012
- Unimilk performing as expected, with focus on profitability improvement

WATERS - Continuous outstanding growth in Latam & Asia



(value - YTD)

Flavoured waters	**+9.6 pts**
Plain water - bottle	**+1.2 pts**
Plain water - HOD	**+5.2 pts**

Mizone growing double digit

Leading position in Sao Paolo after 3 years
Now launching HOD

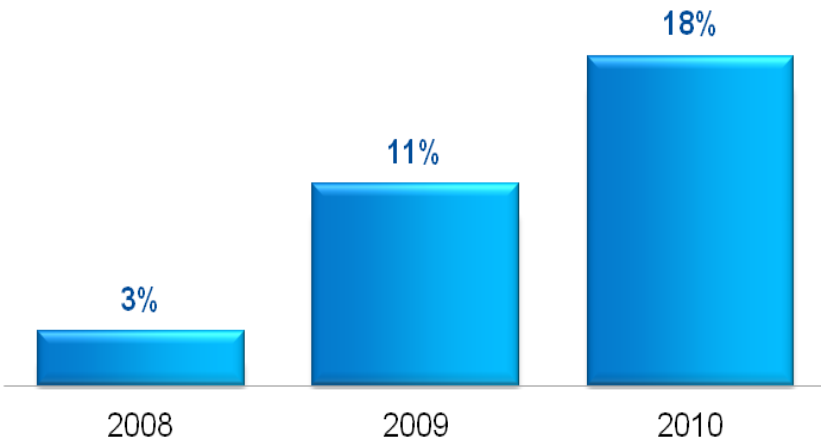
40 % Market share
(value - YTD)
+0.6 pts vs LY

Aqua growing double digit
Mizone growing double digit

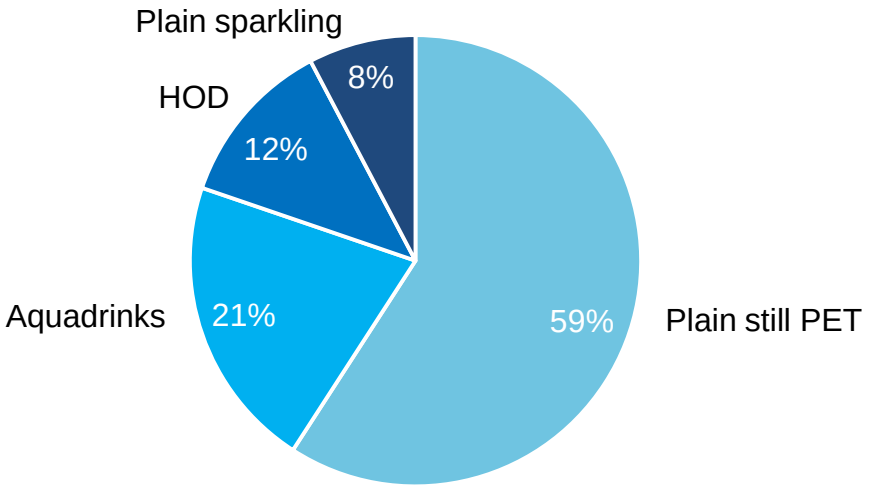
Source : Nielsen

WATERS – Expanding the category with Aquadrinks

Aquadrinks - Growth vs year ago



Segment weight (2010, value)



2011 launches :

Volvic Muscat (Japan)

Bonafont hibiscus (Mexico)

Mizone « Mango kweni » (Indonesia)

Badoit « Fruit bubble » (France)

BABY NUTRITION – Growing our categories and brands

-9 m | 0 m | 12 m | 36 m

Supporting pregnant & lactating women

Addressing the special needs of babies

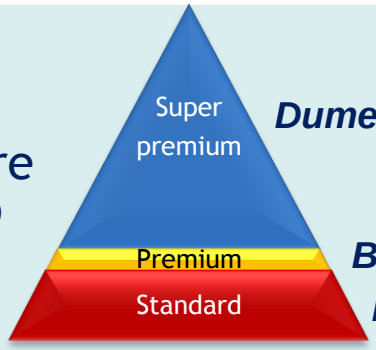
Building superiority over non specific food

2011 launches :

BABY NUTRITION – Continuous outstanding growth in Asia

Agreement for the acquisition of Wockhardt Nutrition

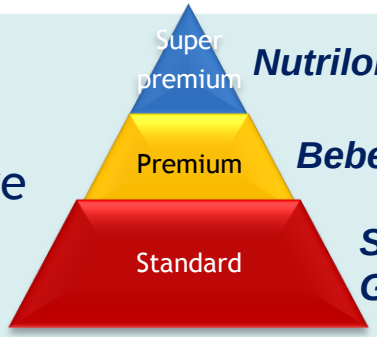
14 % Market share
(value – MAT July2011)
+0.6 pts vs LY



Dumex Gold
Bebelac
Dumex Standard

30 % Market share
(value – MAT)
+1.6 pts vs LY

38% Market share
(value – MAT)
+3.3 pts vs LY



Nutrilon
Bebelac
SGM
Gizikita

Source : Nielsen

BABY NUTRITION – Continuous outstanding growth in Asia

EXAMPLE IN CHINA: 1000day Program offers mom unconditional service they need along the feeding journey

1. Knowledge

- **Immunity book** to build basic knowledge

- **Stage health assessment** to guide mom with right nutrition knowledge

- **DM & SMS** to provide tailor-made service and solution

Mom's needs

2. Interactive experience

- **Hotline & Mom class** to provide one-on-one consulting service

- **Social media platform** to help moms to connect with each other

- **Baby show programs** to demonstrate baby progress

MEDICAL NUTRITION - Growing our categories and brands

2011 launches :

Complan®
balanced nutrition

MEDICAL NUTRITION – Focus on healthy ageing initiative

Co-building with KOL for business impact

Healthy ageing initiative

Pilot project for European Innovation Partnerships (EIP)

Objectives

- to add, by 2020, two healthy life years to the average healthy life span of European citizens
- by mobilizing and linking up stakeholders, EU institutions, national and regional authorities in order to facilitate new ways of working together across the entire innovation value chain

Steering Group

Chaired by Vice-President for the Digital Agenda Neelie Kroes and by the Commissioner for Health John Dalli

34 members

Danone is the only food or medical nutrition company in the Steering Group

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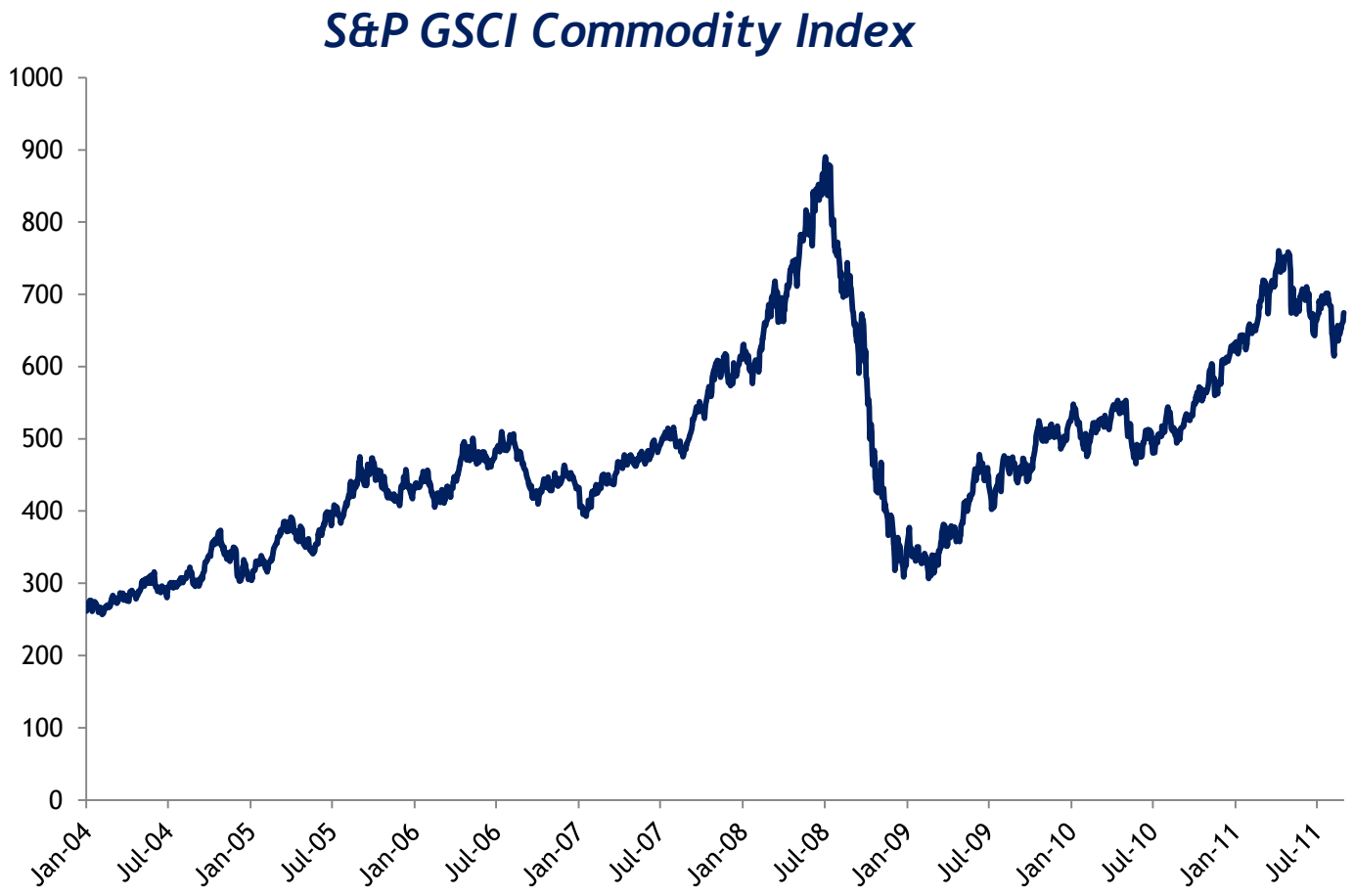
Danone Model in Motion

Managing profitable growth in a challenging environment

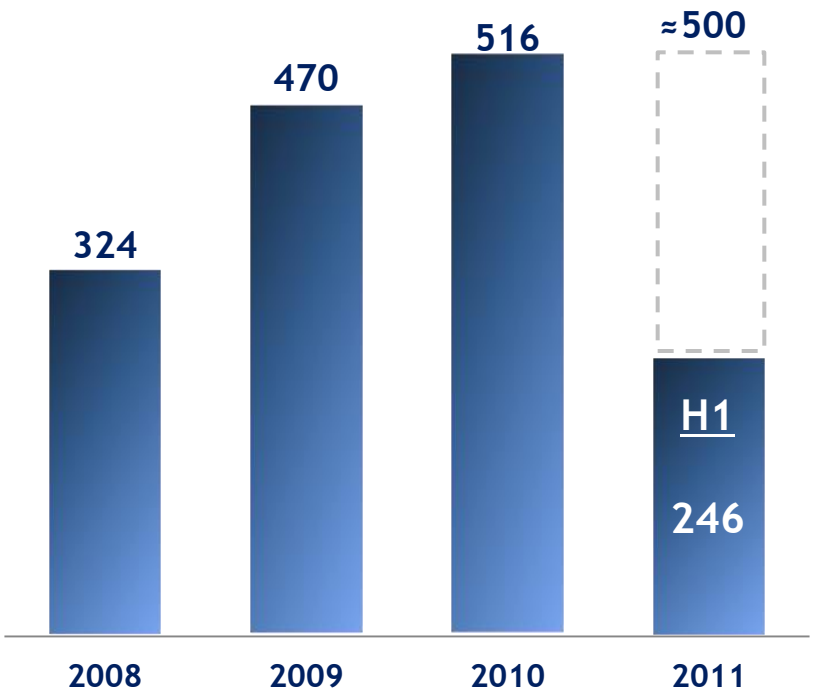
Input cost at high level and volatile

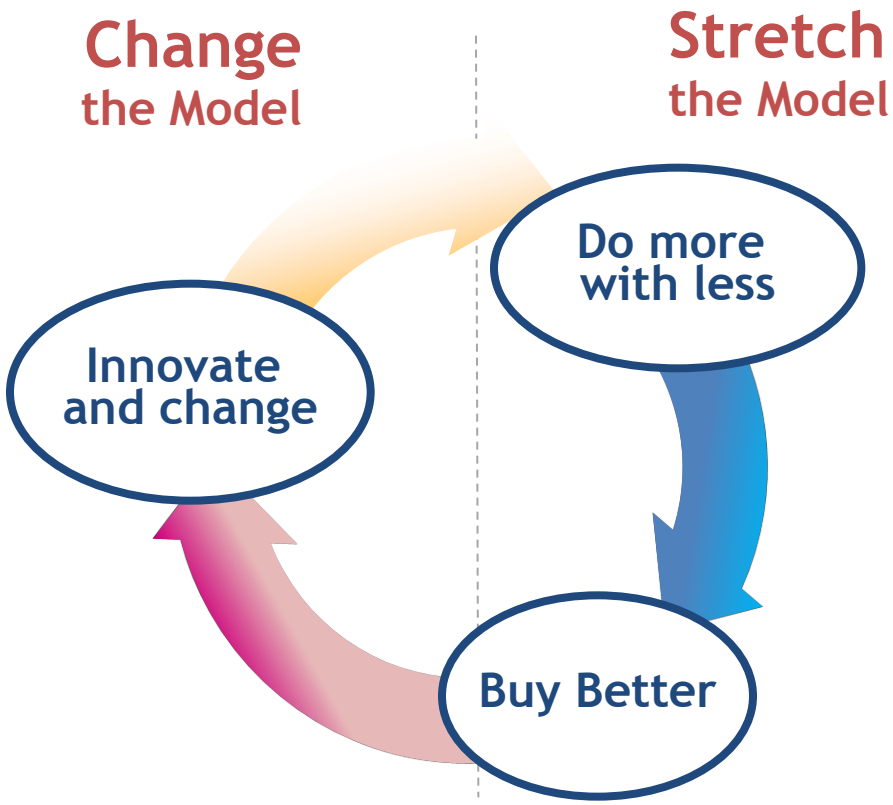


Source : Bloomberg

Strong productivities the first lever to manage input costs

Productivity [1] 2007-2011 (€ mln)



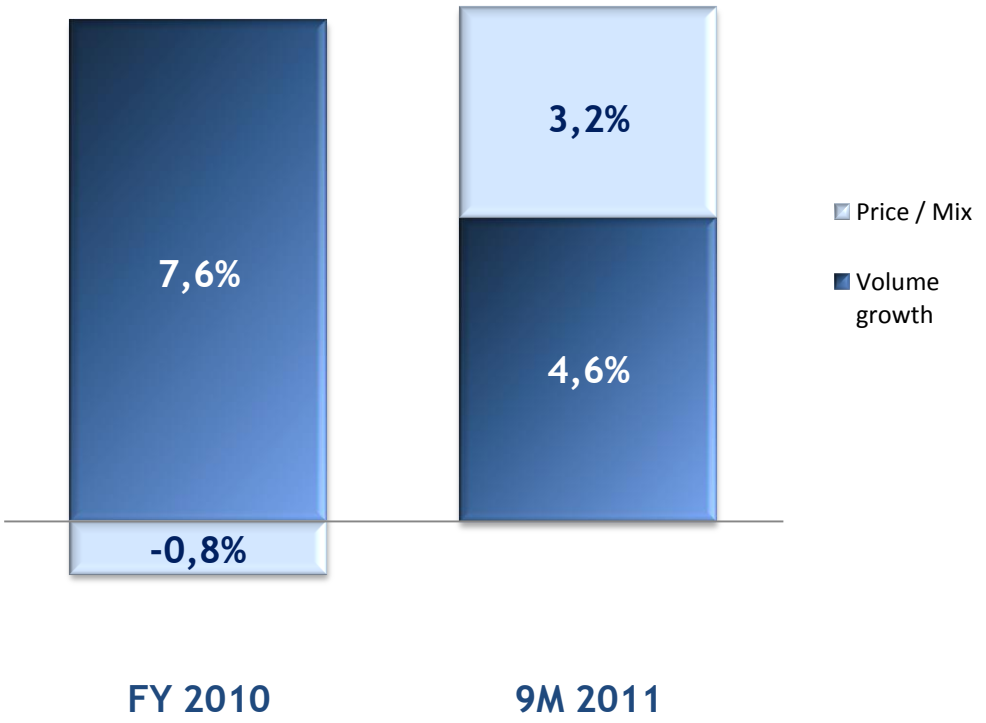


[1] Perimeter = COGS including logistic costs

Competitive management of pricing

Danone stand-alone before Unimilk

Volume and price/mix growth - Total Group without Unimilk



Reset

- Price index in Fresh Dairy Products from 126 to 120

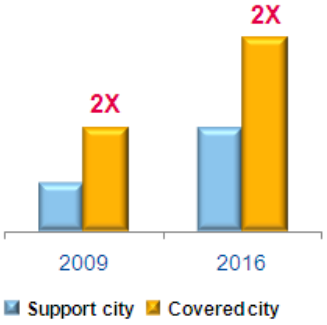
2011 & beyond

- Selected competitive price increases
- Balanced portfolio across the pyramid => more resilient

Invest behind growth drivers

Building categories

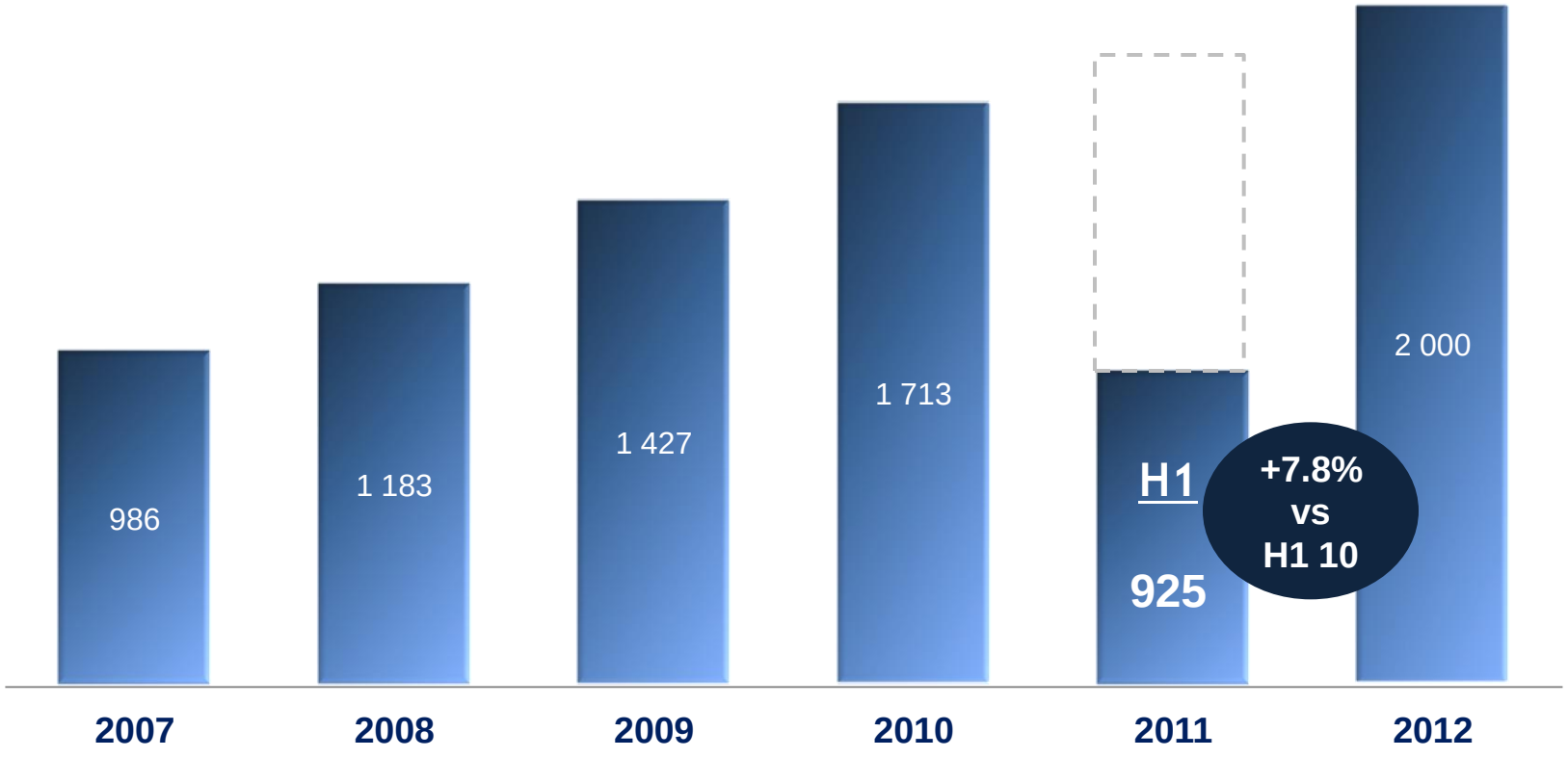
Building distribution



Building new business models

FCF remains a core focus

Free-Cash-Flow (1)



(1) Free cash flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees

Danone Model in Motion

Outlook

2011 targets confirmed

	Objectives 2011
Sales growth [1]	6-8%
Free Cash Flow [2]	Towards € 2 bn in 2012
Trading Operating Margin	around +20 bps [1]

(1) Like-for-like : Based on constant scope of consolidation (including 12 months Unimilk) and constant exchange rates)

(2) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees